



TWENTY-SEVENTH JUDICIAL CIRCUIT

MUNICIPAL DIVISIONS

YEARS ENDED 1998 AND 1997

**From The Office Of State Auditor
Claire McCaskill**

Report No. 99-27
April 28, 1999

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

The following audit report presents our findings and recommendations for the municipal divisions of the Twenty-Seventh Judicial Circuit. During our audit, we identified accounting records, controls, and certain management practices which we believe could be improved. The municipal divisions in which specific findings and recommendations were noted are listed below:

City of Adrian	<i>pages 18-19</i>
City of Butler	<i>pages 19-21</i>
City of Clinton	<i>pages 21-23</i>
City of Rich Hill	<i>pages 23-25</i>
City of Windsor	<i>pages 25-27</i>

Actions taken by the various municipal divisions of the Twenty-Seventh Judicial Circuit on recommendations made in the prior report are noted on pages 28-35.

YELLOW SHEET

TWENTY-SEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS

TABLE OF CONTENTS

	<u>Page</u>
<hr/> FINANCIAL SECTION <hr/>	
State Auditor's Reports:	2-6
Financial Statements	3-4
Compliance and Internal Control over Financial Reporting	5-6
Financial Statements:	7-12
 <u>Exhibit</u>	 <u>Description</u>
A	Comparative Statement of Receipts, Disbursements, and Changes in Cash, Years Ended September 30, 1998 and 1997
	City of Clinton
	City of Windsor.....
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash, Years Ended June 30, 1998 and 1997
	City of Adrian
C	Comparative Statement of Receipts, Disbursements, and Changes in Cash, Years Ended March 31, 1998 and 1997
	City of Butler
	City of Rich Hill.....
Notes to the Financial Statement	13-15
<hr/> MANAGEMENT ADVISORY REPORT SECTION <hr/>	
Management Advisory Report - State Auditor's Current Recommendations:	17-27
 <u>Number</u>	
	Municipal Divisions:
1.	City of Adrian
2.	City of Butler
3.	City of Clinton
4.	City of Rich Hill.....
5.	City of Windsor.....
Follow-Up on State Auditor's Prior Recommendations	28-35

TWENTY-SEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS

TABLE OF CONTENTS

	<u>Page</u>
<hr/>	
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information	37-41

FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENT**

Presiding Judge
and
Municipal Judges
Twenty-Seventh Judicial Circuit

We have audited the accompanying special-purpose financial statements of the various municipal divisions of the Twenty-Seventh Judicial Circuit as of and for the years ended September 30, 1998 and 1997; June 30, 1998 and 1997; and March 31, 1998 and 1997, as identified by municipality and fiscal period in the table of contents. These special-purpose financial statements are the responsibility of the municipal divisions' management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

Except as discussed in paragraphs four through seven, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of the municipal divisions of the Twenty-Seventh Judicial Circuit and are not intended to be a complete presentation of the financial position and results of operations of the municipal divisions.

Internal controls and accounting records of the city of Clinton Municipal Division were inadequate. Receipt slips were not issued for some monies received, and monies were not always deposited intact. In addition, records accounting for the numerical sequence and ultimate disposition of summonses issued by the police department were not maintained. As a result, we were unable to satisfy ourselves by appropriate audit tests or other means as to receipts and disbursements beyond amounts recorded in the municipal division's records for the years ended September 30, 1998 and 1997.

Internal controls and accounting records of the city of Windsor Municipal Division were inadequate. Bond forms used by the police department to document the receipt of bond monies are not prenumbered. In addition, records accounting for the numerical sequence and ultimate disposition of each traffic ticket issued by the police department were not adequately maintained. As a result, we were unable to satisfy ourselves by appropriate audit tests or other means as to receipts and disbursements beyond amounts recorded in the municipal division's records for the years ended September 30, 1998 and 1997.

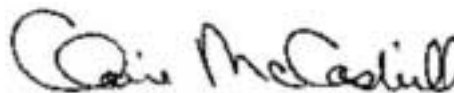
Internal controls and accounting records of the city of Butler Municipal Division were inadequate. Records accounting for the numerical sequence and ultimate disposition of each traffic ticket and complaint form issued by the police department were not adequately maintained. As a result, we were unable to satisfy ourselves by appropriate audit tests or other means as to receipts and disbursements beyond amounts recorded in the municipal division's records for the years ended March 31, 1998 and 1997.

Internal controls and accounting records for the city of Rich Hill Municipal Division were inadequate. Records accounting for the numerical sequence and ultimate disposition of each traffic ticket and complaint form issued by the police department were not adequately maintained. As a result, we were unable to satisfy ourselves by appropriate audit tests or other means as to receipts and disbursements beyond amounts recorded in the municipal division's records for the years ended March 31, 1998 and 1997.

In our opinion, except for the effects, if any, on the financial statements of the matters discussed in the preceding four paragraphs, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of the municipal divisions of the Twenty-Seventh Judicial Circuit as of and for the years ended September 30, 1998 and 1997; June 30, 1998 and 1997; and March 31, 1998 and 1997, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 29, 1998, on our consideration of the municipal divisions' internal controls over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal divisions' management and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

October 29, 1998 (fieldwork completion date)



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Presiding Judge
and
Municipal Judges
Twenty-Seventh Judicial Circuit

We have audited the special-purpose financial statements of the various municipal divisions of the Twenty-Seventh Judicial Circuit as of and for the years ended September 30, 1998 and 1997; June 30, 1998 and 1997; and March 31, 1998 and 1997, and have issued our report thereon dated October 29, 1998. That report expressed a qualified opinion on the special-purpose financial statements of the municipal divisions of the city of Clinton, the city of Windsor, the city of Butler, and the city of Rich Hill for the applicable fiscal periods. Except as discussed in the report on the financial statements of the municipal divisions referred to in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of the various municipal divisions of the Twenty-Seventh Judicial Circuit are free of material misstatement, we performed tests of the municipal divisions' compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no material instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain other instances of noncompliance which are presented in the accompanying Management Advisory Report.

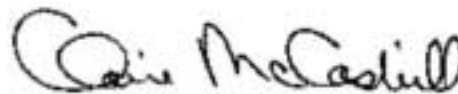
Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of the various municipal divisions of the Twenty-Seventh Judicial Circuit, we considered the municipal

divisions' internal controls over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal controls over financial reporting. However, we noted certain matters involving the internal controls over financial reporting and their operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal controls over financial reporting that, in our judgment, could adversely affect the municipal divisions' ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal controls over financial reporting would not necessarily disclose all matters in the internal controls that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we noted certain matters involving the internal controls over financial reporting and their operation that we consider to be material weaknesses, and these matters are presented in the accompanying Management Advisory Report.

This report is intended for the information of the management of the various municipal divisions of the Twenty-Seventh Judicial Circuit and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

October 29, 1998 (fieldwork completion date)

Financial Statements

Exhibit A

TWENTY-SEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH

	City of Clinton Year Ended September 30,	
	1998	1997
RECEIPTS		
Fines, costs, bonds, and other	\$ 123,416	96,683
Total Receipts	123,416	96,683
DISBURSEMENTS		
City treasury	101,492	82,575
State of Missouri (Note 3)	0	0
Refunds and other	21,412	14,424
Total Disbursements	122,904	96,999
RECEIPTS OVER (UNDER) DISBURSEMENTS	512	-316
CASH, OCTOBER 1	2,994	3,310
CASH, SEPTEMBER 30	\$ 3,506	2,994

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A

TWENTY-SEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH

	City of Windsor	
	Year Ended September 30,	
	1998	1997
RECEIPTS		
Fines, costs, bonds, and other	\$ 50,609	30,382
Total Receipts	50,609	30,382
DISBURSEMENTS		
City treasury	35,353	24,177
State of Missouri (Note 3)	2,387	2,010
Refunds and other	10,769	4,195
Total Disbursements	48,509	30,382
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,100	0
CASH, OCTOBER 1	245	245
CASH, SEPTEMBER 30	\$ 2,345	245

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

TWENTY-SEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH

	City of Adrian	
	Year Ended June 30,	
	1998	1997
RECEIPTS		
Fines, costs, bonds, and other	\$ 12,882	15,942
Total Receipts	12,882	15,942
DISBURSEMENTS		
City treasury	12,474	15,377
State of Missouri (Note 3)	0	0
Refunds and other	102	565
Total Disbursements	12,576	15,942
RECEIPTS OVER (UNDER) DISBURSEMENTS	306	0
CASH, JULY 1	0	0
CASH, JUNE 30	\$ 306	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

TWENTY-SEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH

	City of Butler	
	Year Ended March 31,	
	1998	1997
RECEIPTS		
Fines, costs, bonds, and other	\$ 57,983	28,420
Total Receipts	57,983	28,420
DISBURSEMENTS		
City treasury	53,291	26,864
State of Missouri (Note 3)	0	0
Refunds and other	4,757	2,675
Total Disbursements	58,048	29,539
RECEIPTS OVER (UNDER) DISBURSEMENTS	-65	-1,119
CASH, APRIL 1	1,486	2,605
CASH, MARCH 31	\$ 1,421	1,486

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

TWENTY-SEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH

	City of Rich Hill (Note 4)	
	Year Ended March 31,	
	1998	1997
RECEIPTS		
Fines, costs, bonds, and other	\$ 15,015	14,646
Total Receipts	<u>15,015</u>	<u>14,646</u>
DISBURSEMENTS		
City treasury	11,889	12,810
State of Missouri (Note 3)	0	0
Refunds and other	3,126	1,836
Total Disbursements	<u>15,015</u>	<u>14,646</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>0</u>	<u>0</u>
CASH, APRIL 1	<u>0</u>	<u>0</u>
CASH, MARCH 31	<u><u>\$ 0</u></u>	<u><u>0</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

TWENTY-SEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present only selected data for the funds administered by the various municipal divisions of the Twenty-Seventh Judicial Circuit of the state of Missouri.

Receipts, disbursements, and changes in cash are presented for each municipal division. The operating costs of each division are paid by the respective municipality, the county, or the state of Missouri, as applicable, and are not included in the financial statements.

The municipal division is responsible for cash bonds posted until case disposition allows appropriate disbursement. Bond monies relating to pending cases, whether in the custody of the city or the municipal division, are included in these financial statements.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash are prepared on the cash basis of accounting; accordingly, amounts are recognized when they are received or disbursed. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The municipal divisions account for fines and court costs resulting from prosecution of violations of municipal ordinances before the municipal judge or received through the traffic violations bureau, as well as cash bonds posted. Municipal violations could include traffic offenses, both moving and nonmoving; parking meter and overtime parking offenses, and other violations for which amounts are received by the municipal divisions and remitted to the city treasury. The municipal divisions also may account for restitutions received and disbursed through the divisions.

2. Cash

Section 479.080, RSMo 1994, requires municipal divisions to deposit fines and court costs into the city treasury at least monthly. Some divisions maintain bank accounts into which fines and court costs are deposited and later remitted to the city treasury. Other divisions do not maintain bank accounts, transmitting fines and court costs directly to the city treasury.

Escrow bank accounts for bond monies received may be maintained by the city or the municipal division.

At the financial statement dates identified in the table of contents for the years ended 1998 and 1997, all bank account balances reported for the municipal divisions of the Twenty-Seventh Judicial Circuit were entirely covered by federal depositary insurance.

3. Disbursements to State

The municipal divisions collect various amounts that must be remitted to the state of Missouri. These amounts include 80 percent of the court costs for cases heard by an Associate Circuit Judge, the judgement for the Motorcycle Safety Trust Fund; and the surcharges for the Crime Victims' Compensation and Services to Victims Funds, the Peace Officer Standards and Training Commission Fund, and (until July 1, 1997, when municipal divisions were no longer required to assess the surcharge) the Independent Living Center Fund. The state's portions of these amounts are deposited into the city treasury for all municipal divisions, except the city of Windsor Municipal Division. Amounts remitted by the cities to the state are not included in the financial statements.

The city of Butler Municipal Division did not assess the Peace Officer Standards and Training Commission Fee.

4. City of Rich Hill

Bonds posted by defendants for the city of Rich Hill Municipal Division are deposited directly into the city treasury. The amounts held by the city at year-end could not be determined and, therefore, are not included in the financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Current Recommendations

TWENTY-SEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S CURRENT RECOMMENDATIONS

We have audited the special-purpose financial statements of the various municipal divisions of the Twenty-Seventh Judicial Circuit as of and for the years ended September 30, 1998 and 1997; June 30, 1998 and 1997; and March 31, 1998 and 1997, and have issued our report thereon dated October 29, 1998. That report expressed a qualified opinion on the special-purpose financial statements of the municipal divisions of the city of Clinton, the city of Windsor, the city of Butler, and the city of Rich Hill for the applicable fiscal periods.

The following Management Advisory Report presents our findings and recommendations arising from our audit of the municipal divisions' special-purpose financial statements. During our audit, we also identified certain management practices which we believe could be improved. Our audit was not designed or intended to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered as all-inclusive of areas where improvements may be needed.

1.	City of Adrian Municipal Division
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- A. Although the municipal division operates a Traffic Violations Bureau (TVB) that allows certain offenses to be paid prior to the court date, a court order has not been issued to formally establish the TVB. A schedule which specifies the offenses which may be paid at the TVB and the amount of fines and costs to be imposed for each offense has been established; however, this schedule of fines and court costs has not been prominently posted at the TVB.

Section 479.050, RSMo 1994, states that a TVB may be established by the municipal judge. Supreme Court Rule No. 37.49 requires the municipal judge to establish the TVB by court order, to designate a TVB clerk, and to establish by schedule the amount of fines and court costs to be imposed for each offense. In addition, this schedule of fines and court costs is required to be prominently posted at the TVB.

- B. The city has established a formal schedule of fines and court costs to be collected on tickets paid to the Court Clerk; however, the fines and court costs are not always collected consistently. During our review, fines and court costs collected for seven of the nine cases tested did not agree to the schedule.

To ensure fine and costs amounts are properly charged, the Court Clerk should collect amounts at the TVB that are in agreement with the fine and cost schedule.

WE RECOMMEND the city of Adrian Municipal Division:

- A. Issue a court order which authorizes the establishment of the TVB and prominently post the schedule of fines and costs at the TVB.

- B. Collect fines and costs paid through the TVB in accordance with the established fines and costs schedule.

AUDITEE'S RESPONSE

The Court Clerk responded that these recommendations have been implemented.

2. City of Butler Municipal Division

- A. Our review noted the following concerns related to receipts:
1. Fines and court costs collected by the municipal division are not deposited into the city treasury on a timely basis. Deposits are generally made weekly and average \$870. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.
 2. Receipts are not always deposited intact. Court receipts representing voluntary contributions to the city are withheld from other court receipts and transmitted to the city in cash or by check rather than deposited into the city treasury by the Court Clerk. We noted one instance where \$700 in cash was withheld from a deposit of court monies and transmitted to the city 14 days later. In addition, we noted one instance where \$70 was refunded in cash from accumulated receipts. To properly account for all receipts and ensure they are properly deposited into the city treasury, receipts should be deposited intact and refunds made by check.
- B. The municipal division has not implemented adequate procedures to follow up on bonds held for over one year. As of March 31, 1998, the balance of the municipal division's bond escrow account included bond receipts totaling \$869 which have been held in excess of one year. In addition, two outstanding checks totaling \$90 have remained in the division's bond account since 1992.

An attempt should be made to determine the proper disposition of these monies. A review should be made of any bonds posted by persons who failed to make the required court appearance to determine if the bonds should be forfeited and monies paid over to the city treasury as provided by Section 479.210, RSMo 1994. For those bonds which cannot be forfeited and remain unclaimed, Section 447.595, RSMo 1994, requires bonds remaining unclaimed for one year after disposition of the case be turned over to the state's Unclaimed Property Section. In addition, outstanding check should be periodically reviewed to determine if payees can be located and if the checks can be reissued. If the payees cannot be located, Sections 447.550 through 447.585, RSMo 1994, which relate to unclaimed property, should be used to disburse these monies.

- C. Neither the police department nor the municipal division maintains adequate records to account for traffic tickets and complaint forms issued and their ultimate disposition. The police department records traffic tickets issued on its computer system; however, a listing of tickets issued is not printed to account for the numerical sequence. Complaint forms are not prenumbered nor is a log maintained of all complaints issued.

Without a proper accounting of the numerical sequence and ultimate disposition of traffic tickets and complaint forms, the police department and the municipal division cannot be assured that all traffic tickets and complaint forms issued are properly submitted to the court for processing. A record of the ultimate disposition of each traffic ticket and complaint form should be maintained to ensure all traffic tickets and complaint forms have been accounted for properly. In addition, the court should request the city obtain prenumbered complaint forms.

- D. The Court Clerk collects fines, costs, and bond monies. The Court Clerk is only bonded for \$2,000. Court collections for the year ending March 31, 1998, totaled more than \$57,000. Failure to adequately bond all persons with access to assets exposes the court and the city to risk of loss.
- E. The court does not file with the city a monthly report of all cases heard in court. Section 479.080.3, RSMo 1994, requires the Court Clerk to prepare a monthly listing of all cases heard in court, including all fines and court costs collected, to be verified by the Court Clerk or Municipal Judge, and filed with the City Clerk.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the city of Butler Municipal Division:

- A. Deposit receipts intact daily or when accumulated receipts exceed \$100. In addition, all refunds should be made by check.
- B. Dispose of unclaimed bonds in accordance with state law, and periodically review outstanding checks to determine if the payees can be located and if the checks can be reissued. If payees cannot be located, the monies should be disbursed to the state's Unclaimed Property Section in accordance with state law.
- C. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all traffic tickets and complaint forms assigned and issued. In addition, request the city obtain prenumbered complaint forms.
- D. Request the city consider obtaining additional bond coverage for the Court Clerk.
- E. Prepare monthly reports of court actions and file these reports with the city in accordance with state law.

AUDITEE'S RESPONSE

The Associate Circuit Judge and the Court Clerk responded as follows:

A&B. These recommendations have been implemented.

C. The Associate Circuit Judge recommended that the state come up with a program or procedure that only requires one set of sequential numbers.

D. We will discuss this with the city.

E. *We will begin preparing this report for the city.*

3. City of Clinton Municipal Division
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- A. We noted the following concerns related to fines and court costs received by the municipal division:
- 1) The municipal division accepts cash, checks, and money orders for fines and court costs and transmits monies directly to the city. Payment information, including the method of payment, is recorded on the municipal court's computer system. A report is generated indicating the composition of receipts; however, this report is not reconciled to the money transmitted to the city. To ensure receipts are transmitted intact, the composition of recorded receipts should be reconciled to the composition of money transmitted to the city.
 - 2) Receipts are not always transmitted to the city on a timely basis. Fines and court costs collected are transmitted approximately weekly to the city. In addition, checks and money orders are not restrictively endorsed until after they are transmitted to the City Collector for deposit. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the city daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt.
 - 3) Receipts were not always transmitted to the city intact. We noted one instance where \$40 cash was withheld from court receipts and paid to a probation officer for a community service fee. To properly account for all receipts and ensure they are properly transmitted to the city, receipts should be transmitted intact to the city and disbursement should be made by check.
- B. The municipal division does not issue receipt slips for restitution monies received through the mail. In addition, the receipt slips used for restitution monies are duplicates with one copy given to the payor and one copy placed in the case file. As a result, the municipal division is unable to account for the numerical sequence of receipt slips issued for restitution monies. To adequately account for all restitution received, prenumbered receipt slips should be issued for all monies received and their numerical sequence accounted for properly.
- C. Our review noted the following concerns relating to bonds:
- 1) A bond bank account is maintained by the municipal division for the deposit and withdrawal of bond monies. However, we noted several instances where bond monies were receipted, but held in cash pending court disposition. In one instance a \$70 cash bond was held 16 days before being transmitted to the city and applied toward fines and court costs. This procedure increases the risk of loss, theft, or misuse of bond monies. To ensure monies are accounted for properly, all bonds should be deposited immediately into the bond bank account and subsequent disbursements made by check.

- 2) The municipal division does not issue receipt slips for bond monies received from other police departments or county sheriff departments. To adequately account for all bond monies received, prenumbered receipt slips should be issued by the municipal division for all bond monies immediately upon receipt and the receipt slips should be reconciled to bank deposits.
- D. Neither the police department nor the municipal division maintains adequate records to account for all summons forms issued and their ultimate disposition. A summons log is maintained which indicates the summons book assigned to the police officers, but records are not maintained to account for the numerical sequence of the summonses issued or their ultimate disposition.

Without a proper accounting of the numerical sequence and disposition of summons forms, the police department and the court cannot be assured that all summons forms issued are properly submitted to the court for processing, properly voided, or not prosecuted.

This condition was also noted in our prior report.

WE RECOMMEND the city of Clinton Municipal Division:

- A.1. Reconcile the composition of receipts to the composition of monies transmitted to the city.
 2. Transmit receipts daily or when accumulated receipts exceed \$100, and restrictively endorse all checks and money orders immediately upon receipt.
 3. Transmit all receipts intact and make any disbursements by check.
- B. Issue prenumbered receipt slips for all restitution money collected and account for their numerical sequence.
- C.1. Deposit all bonds into the bond bank account immediately upon receipt. Subsequent disbursements of the bonds should be made by check.
 2. Issue receipt slips for all bond monies received.
- D. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all summonses.

AUDITEE'S RESPONSE

The Municipal Judge, Court Clerk, and City Clerk responded as follows:

- A.1. *This recommendation has been implemented.*
- A.2. *Receipts have been held in order to have cash available to make change for court; however, the city will establish a change fund for the court. After the change fund is established, receipts will be transmitted to the City Collector daily and will be endorsed by the City Collector.*
- A.3. *We will ensure receipts are transmitted intact to the city and make disbursements by check.*

B. *We are currently using prenumbered three-part receipt slips leaving one copy of the receipt slip in the receipt book to account for the numerical sequence.*

C.1. &

C.2. *These recommendations have been implemented.*

D. *The summonses are not under the court's control until they are filed with the Court Clerk. We will cooperate with the police department in maintaining records to account for the numerical sequence. The Court Clerk has ordered new summons books with four copies, which will be issued to the police department, and which will allow one copy to remain in the book to account for the numerical sequence.*

4.

City of Rich Hill Municipal Division

A. The municipal division accepts cash, checks, and money orders for fines, court costs, and bonds. Payments are receipted directly into the city's computerized cash register and amounts received by the municipal division are commingled with other city receipts. The method of payment is entered into the cash register; however, reports containing this information are not generated. As a result, the composition of recorded receipts is not reconciled to the composition of bank deposits. To ensure receipts are deposited intact, the composition of recorded receipts should be reconciled to the composition of bank deposits.

B. The Court Clerk does not maintain a bond ledger and does not prepare monthly listings of open items (liabilities) and reconcile the listings to the city's bond account. Bond monies received are deposited into the city's bank account and recorded in a restricted cash account in the city's general ledger. This restricted cash account had a balance of \$365 at March 31, 1998, that could not be identified to a specific case by the Court Clerk. During our review of the activity posted to this general ledger account, we identified a \$150 bond posted in 1997 relating to a closed case that had not been refunded. In addition, we noted an \$82 bond refund posted to this account; however, the related bond receipt was never posted to this account.

A bond ledger indicating the related case, date and amount of receipt, and date of disbursement is necessary to ensure proper accountability over bonds. A monthly listing of open items is also necessary to ensure accountability over open cases and to ensure monies held in trust by the city are sufficient to meet liabilities.

C. Neither the police department nor the municipal division maintains adequate records to account for the numerical sequence traffic tickets issued and their ultimate disposition. The Court Clerk maintains a log for tickets received by the court listing each ticket number, the defendant, and the officer; however, the log is not complete. Information for some tickets has not been recorded. Neither the police department nor the Court Clerk could determine whether these tickets were issued, lost or voided. In addition, complaint forms are not prenumbered and no log is maintained for complaint forms issued.

Without a proper accounting of the numerical sequence and ultimate disposition of traffic tickets and complaint forms, the police department and the municipal division cannot be

assured that all traffic tickets and complaint forms issued are accounted for properly. A record of the ultimate disposition of each traffic ticket and complaint form should be maintained to ensure all traffic tickets and complaint forms have been accounted for properly. In addition, the court should request the city to obtain prenumbered complaint forms.

A similar condition was also noted in our prior report.

- D. Although the city has established a formal schedule of fines and court costs to be collected on tickets paid through the TVB, the schedule is not prominently posted at the TVB. Section 479.050, RSMo, and Supreme Court Rule No. 37.49 require a schedule which designates the offenses within the authority of the TVB clerk, and the amount of fines and costs to be imposed for each offense, to be prominently posted at the TVB.

WE RECOMMEND the city of Rich Hill Municipal Division:

- A. Indicate the method of payment for each receipt and reconcile the composition of the receipts to the composition of the deposit.
- B. Maintain a bond ledger, prepare monthly listings of open items, and reconcile the listing to moneys held in trust by the city. In addition, the Court Clerk should determine disposition of monies remaining in the city's restricted bond account.
- C. Work with the police department to ensure complete records are maintained to account for the numerical sequence and ultimate disposition of all traffic tickets and complaint forms assigned and issued. In addition, the municipal division should request the city obtain prenumbered complaint forms.
- D. Prominently post the schedule of fines and costs at the TVB.

AUDITEE'S RESPONSE

The City Clerk responded as follows:

A.,B.,

&D. *We will implement these recommendations.*

- C. *We will work with the police department to maintain better records of tickets issued. We plan to issue a UTT form with a complaint form to provide a numerical sequence for complaint forms.*

5. City of Windsor Municipal Division
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- A. The Court Clerk performs all duties related to the collection of fines, court costs, and bonds. As a result, the duties of receiving, recording, depositing monies, and reconciling the municipal division's bank account are not adequately segregated.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum there should be a supervisory review of the reconciliations between receipts and deposits and the bank reconciliations.

B. Our review noted the following concerns related to bonds:

1. Bond forms used by the police department to document the receipt of bond monies from a defendant are not prenumbered.

To adequately account for bond monies, prenumbered bond forms or receipt slips should be issued for all bonds received by the police department and the numerical sequence should be accounted for properly.

2. The municipal division has not implemented adequate procedures to follow-up on bonds held over one year. As of September 30, 1998, the balance in the municipal division's bond account included bond receipts totaling \$245 from cases dating back to 1994.

An attempt should be made to determine the proper disposition of these monies. A review should be made of any bonds posted by persons who failed to make the required court appearance to determine if the bonds should be forfeited and monies paid over to the city treasury as provided by Section 479.210, RSMo 1994. For those bonds which cannot be forfeited and remain unclaimed, Section 447.595, RSMo 1994, requires bonds remaining unclaimed for one year after disposition of the case be turned over to the state's Unclaimed Property Section.

C. Neither the police department nor the municipal division maintains adequate records to account for all traffic tickets issued and their ultimate disposition. The police department instructs each police officer to maintain a listing of tickets issued, but some of the officers did not maintain a listing, and many of the listings were not complete. During our review, fifteen of the sixty tickets tested could not be located by the municipal division.

Without a proper accounting of the numerical sequence and disposition of traffic tickets, the police department and the municipal division cannot be assured that all traffic tickets issued were properly submitted to the court for processing. A log listing the traffic ticket, the date issued, and the violator's name would ensure all traffic tickets were properly submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each traffic ticket should also be maintained to ensure all traffic tickets have been accounted for properly.

Conditions similar to parts B.1. and C. were also noted in our prior report.

WE RECOMMEND the city of Windsor Municipal Division:

- A. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, there should be a documented supervisory review of the reconciliations between receipts and deposits and a review of the monthly bank reconciliations.

- B.1. Work with the police department to ensure prenumbered bond forms are issued and the numerical sequence is accounted for properly.
- 2. Follow up on bonds relating to inactive cases to determine if they should be refunded, forfeited, or turned over to the state's Unclaimed Property Section.
- C. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets assigned and issued.

AUDITEE'S RESPONSE

The Municipal Judge and Court Clerk responded as follows:

- A. *The Municipal Judge now reviews bank reconciliations monthly and signs off on the bank reconciliation to document his review.*
- B.1. *The police department now has prenumbered bond forms and is currently using them.*
- B.2. *These bonds have been forfeited to the city.*
- C. *The police department is now keeping records to account for the numerical sequence and ultimate disposition of all tickets. The court will cooperate with the police department and prosecutor in ultimately identifying the disposition of all tickets.*

This report is intended for the information of the management of the various municipal divisions of the Twenty-Seventh Judicial Circuit and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on State Auditor's Prior Recommendations

TWENTY-SEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
FOLLOW-UP ON STATE AUDITOR'S PRIOR RECOMMENDATIONS

This section reports follow-up action taken by the municipal divisions of the Twenty-Seventh Judicial circuit on recommendations made in the Management Advisory Report (MAR) of our report issued for the two years ended 1993 and 1994. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the municipal divisions should consider implementing these recommendations.

1. City of Adrian Municipal Division

- A.1. Receipt slips did not indicate the method of payments received.
- 2. Receipt slips were not issued to the police department for monies transmitted to the Court Clerk.
- B. The numerical sequence of tickets assigned by the MSHP was not accounted for properly.
- C. The city did not consistently assess the \$2 Law Enforcement Training (LET) and the \$5 Crime Victim's Compensation (CVC) fees in accordance with state law.

Recommendation:

The city of Adrian Municipal Division:

- A.1. Indicate the method of payment on each receipt slip issued and reconcile total cash, checks, and money orders received to bank deposits.
- 2. Issue receipt slips or other documentation to the police department for monies transmitted.
- B. Ensure records are maintained to account for the numerical sequence of all tickets assigned by the MSHP.
- C. Assess LET and CVC fees on all violations of municipal ordinances, except for nonmoving traffic violations and cases dismissed by the court, as required by state law.

Status:

- A.1. Partially implemented. The method of payment is now indicated on receipts issued; however, we noted some instances where the Court Clerk failed to indicate the method of payment. Although not repeated in our current MAR, our recommendation remains as stated above.

A.2,B,
& C. Implemented.

2. City of Butler Municipal Division

- A.1. Receipt slips were not issued for some monies received.
 - 2. Fines, court costs, and bond monies were not deposited on a timely basis.
 - 3. Receipt slips issued by the municipal division did not always indicate the method of payments received.
- B. The court clerks were not adequately bonded.
- C. Neither the police department nor the court maintained adequate records to account for all traffic tickets issued and their ultimate dispositions.
- D. A control ledger accounting for the amount assessed, payments received, and the balance due from each defendant on a payment plan was not established.
- E. A monthly listing of bond open items (liabilities) was not prepared. Two bonds over one year old, totaling \$738, remained in the municipal division's bond account.
- F. Procedures to follow-up on old outstanding checks were not established. Three outstanding checks in the bond account totaling \$190 were outstanding for over one year.
- G.1. The \$2 LET and the \$5 CVC fees were collected on nonmoving traffic violations.
 - 2. The \$2 LET fee was collected on some nontraffic ordinance violations, but the \$5 CVC fee was not assessed.
 - 3. The \$2 LET and the \$5 CVC fees were collected on dismissed cases.
- H. A monthly report of all cases heard in court was not filed with the City Clerk.

Recommendation:

The city of Butler Municipal Division:

- A.1. Issue prenumbered receipt slips for all monies received and account for their numerical sequence.
 - 2. Deposit receipts on a daily basis or when accumulated receipts exceed \$100.
 - 3. Ensure receipts are deposited intact by indicating the method of payment on each receipt slip issued and reconcile total cash, checks, and money orders received to bank deposits.

- B. Request the city consider obtaining adequate bond coverage for all persons handling court monies.
- C. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of each traffic ticket issued.
- D. Establish a control ledger and periodically reconcile it to the payment agreement forms.
- E. Prepare a monthly listing of open items and reconcile these listings to monies held in trust by the court.

In addition, unclaimed bond monies should be disposed of by either forfeiting them to the city if the defendant failed to make the required court appearance, or by refund to the person who posted the bond. Any bond monies remaining unclaimed should be remitted to the state in accordance with state law. Procedures should be established to routinely follow-up on cash bonds remaining on hand over one year.

- F. Investigate checks outstanding for over one year and take proper follow-up action. Also, all unclaimed bonds should be forwarded to the state's Unclaimed Property Section within one year of final court action in accordance with state law.
- G. Assess LET and CVC fees on all violations of municipal ordinances, except for nonmoving traffic violations and cases dismissed by the court, as required by state law.
- H. Prepare monthly reports of court actions and file these reports with the city in accordance with state law.

Status:

A.1. Implemented.

A.3. Partially implemented. The method of payment is indicated for each receipt; however, deposits are not always made intact. See MAR No. 2.

A.2,B,
C, F,
& H. Not implemented. See MAR No. 2.

- D. Partially implemented. A computerized ledger has now been established; however, it is not reconciled periodically to the payment agreement forms. Although not repeated in the current MAR, our recommendation remains as stated above.
- E. Partially implemented. An open items listing is prepared monthly; however, the court is still holding several bonds relating to old or inactive cases. See MAR No. 2.

- G. Implemented. Based on statutory changes effective July 1, 1997, LET and CVC fees are to be collected on all violations, including nonmoving.

3. City of Clinton Municipal Division

- A.1. Receipt slips were not issued for some bond monies received.
 - 2. The police department did not maintain adequate records to account for the numerical sequence of bond forms.
 - 3. Several bonds over one year old were held in the municipal division's bond bank account.
- B.1. Receipt slips issued for restitution monies were not prenumbered.
 - 2. The municipal division did not obtain a receipt from the prosecutor's office for restitution monies transmitted.
- C. Neither the police department nor the court maintained adequate records to account for all summons forms assigned and issued and their ultimate disposition.
- D. The \$2 LET and \$5 CVC fees were charged on non-moving traffic violations and dismissed cases.
- E. A monthly report of all cases heard in court was not filed with the City Clerk.

Recommendation:

The city of Clinton Municipal Division:

- A.1. Issue prenumbered receipt slips for all bond monies received and account for the numerical sequence.
 - 2. Request the police department to account for the numerical sequence of all bond forms issued by maintaining a log or an additional copy in numerical sequence.
 - 3. Attempt to locate those defendants who are entitled to a cash bond refund and return the bond amount. For those bonds that the owner cannot be located, the unclaimed bonds should be disposed of in accordance with state law.
- B.1. Issue prenumbered receipt slips for restitution monies and account for the numerical sequence.
 - 2. Obtain a receipt slip from the prosecuting attorney for restitution monies transmitted.
- C. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of each summons form assigned and issued.

- D. Assess LET and CVC fees on all violations of municipal ordinances, except for nonmoving traffic violations and cases dismissed by the court, as required by state law.
- E. Prepare monthly reports of court actions and file these reports with the city in accordance with state law.

Status:

A.1
& C. Not implemented. See MAR No. 3.

A.2,
A.3,B.2,
D&E. Implemented.

B.1. Partially implemented. Prenumbered receipt slips are now issued for restitution monies; however, the numerical sequence is not accounted for properly. See MAR No. 3.

4. City of Rich Hill Municipal Division

- A.1. Checks were not restrictively endorsed immediately upon receipt.
 - 2. Receipts were not deposited intact. Employees were allowed to cash personal checks from the city's cash drawer.
- B. Neither the police department nor the court maintained adequate records to account for all traffic tickets and summons forms issued. In addition, the summons forms issued by the police department were not prenumbered.
- C. A control ledger accounting for the amount assessed, payments received, and the balance due from each defendant on a payment plan had not been established.

Recommendation:

The city of Rich Hill Municipal Division:

- A.1. Restrictively endorse all checks immediately upon receipt.
 - 2. Discontinue the practice of cashing personal checks from daily collections, deposit all receipts intact, and reconcile the composition of receipt slips issued to bank deposits.
- B. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of each traffic ticket and summons form issued.

- C. Establish a control ledger and periodically reconcile it to the payment agreement forms.

Status:

A&C. Implemented.

- B. Partially implemented. The Court Clerk now maintains a log of all tickets received by the court listing each ticket number, the defendant, and the officer; however, the log is not complete. See MAR No. 4.

5. City of Windsor Municipal Division

- A. Receipts were not deposited on a timely basis.
- B. Neither the police department nor the court maintained adequate records to account for all traffic tickets issued and their ultimate disposition.
- C. The bond forms issued by the police department for the receipt of bonds were not prenumbered. In addition, receipt slips were not issued.
- D. A control ledger for the amount assessed, payments received, and the balance due from each defendant on a payment plan was not maintained.
- E. Bank reconciliations were not documented by the Court Clerk.
- F.1. The \$2 LET fee was collected on all convictions, including nonmoving traffic violations.
 - 2. The \$5 CVC fee was collected only on moving traffic violations and not on all city ordinance violations.
- G. A monthly report of all cases heard in court was not filed with the City Clerk.

Recommendation:

The city of Windsor Municipal Division:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of each traffic ticket issued.
- C. Request the police department to issue prenumbered receipt slips and bond forms for all bond monies received and account for their numerical sequence.
- D. Establish a control ledger and periodically reconcile it to the defendants' account balances.

- E. Perform monthly bank reconciliations and maintain documentation of the reconciliations.
- F. Assess LET and CVC fees on all violations of municipal ordinances, except for nonmoving traffic violations and cases dismissed by the court, as required by state law.
- G. Prepare monthly reports of court actions and file these reports with the city in accordance with state law.

Status:

A, &

D-G. Implemented.

B&C. Not implemented. See MAR No. 5.

STATISTICAL SECTION

History, Organization, and
Statistical Information

TWENTY-SEVENTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organization

The Twenty-Seventh Judicial Circuit is composed of Bates, Henry, and St. Clair counties. The Honorable William J. Roberts serves as Presiding Judge. There are five municipal divisions within the Twenty-Seventh Judicial Circuit.

The municipal divisions are governed by Chapter 479, RSMo 1994, and by Supreme Court Rule No. 37 titled "Ordinance Violations and Traffic Violations Bureau (TVB)." Section 479.050, RSMo 1994, provides that each municipal division may establish a TVB in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of each municipal division are paid by the respectively municipality, the county, or the state of Missouri, as applicable.

Municipal Division Organization, Personnel, and Caseload Information

1. City of Adrian

Organization

The City Clerk serves as the Court Clerk and is responsible for recording transactions as well as handling collections and disbursements. Fines, court costs, and bonds are deposited directly into the city treasury. Court is held once a month. Although it has not been formally established, a TVB receives payment of fines and court costs at times other than during court. The Associate Circuit Judge of Bates County serves as the judge for this municipality.

Personnel

Associate Circuit Judge
City Clerk/Court Clerk

John O'Bannon
Barbara Bloomfield

Caseload Information

	<u>Year Ended June 30,</u>	
	<u>1998</u>	<u>1997</u>
Number of cases filed	204	246

2. City of Butler

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. Fines and court costs are deposited directly into the city treasury. Bond monies are deposited into a court bank account pending disposition. Court is held once a month. A TVB has been established to receive payment of fines and court costs at times other than during court. The Associate Circuit Judge of Bates County serves as the judge for this municipality.

Personnel

Associate Circuit Judge
Court Clerk

John O'Bannon
Charlotte Craft

Caseload Information

	<u>Year Ended March 31,</u>	
	<u>1998</u>	<u>1997</u>
Number of cases filed	701	472

3. City of Clinton

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. Fines and court costs are transmitted to the City Collector. Bond monies are deposited into a court bank account pending disposition. Court is held once a week. A TVB has been established to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge
Court Clerk
Deputy Court Clerk/City Clerk

Benecia Carmack
Dawnde Cauthon*
Kelly Harrelson

* Jennifer Frost served as Court Clerk prior to March 1998.

Caseload Information

	<u>Year Ended September 30,</u>	
	<u>1998</u>	<u>1997</u>
Number of cases filed	1,655	1,234

4. City of Rich Hill

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. Fines, court costs, and bonds are deposited directly into the city treasury. Court is held once a month. A TVB has been established to receive payments of fines and court costs at times other than during court. The Associate Circuit Judge of Bates County serves as the judge for this municipality.

Personnel

Associate Circuit Judge
Court Clerk

John O'Bannon
Mendy Stangel*

* Gail Biggs served as Court Clerk prior to March 1998.

Caseload Information

	<u>Year Ended March 31,</u>	
	<u>1998</u>	<u>1997</u>
Number of cases filed	187	172

5. City of Windsor

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. A court bank account is maintained for fines, court costs, and bonds. Court is held twice a month. A TVB has been established to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge
Court Clerk
Deputy Court Clerk/City Clerk

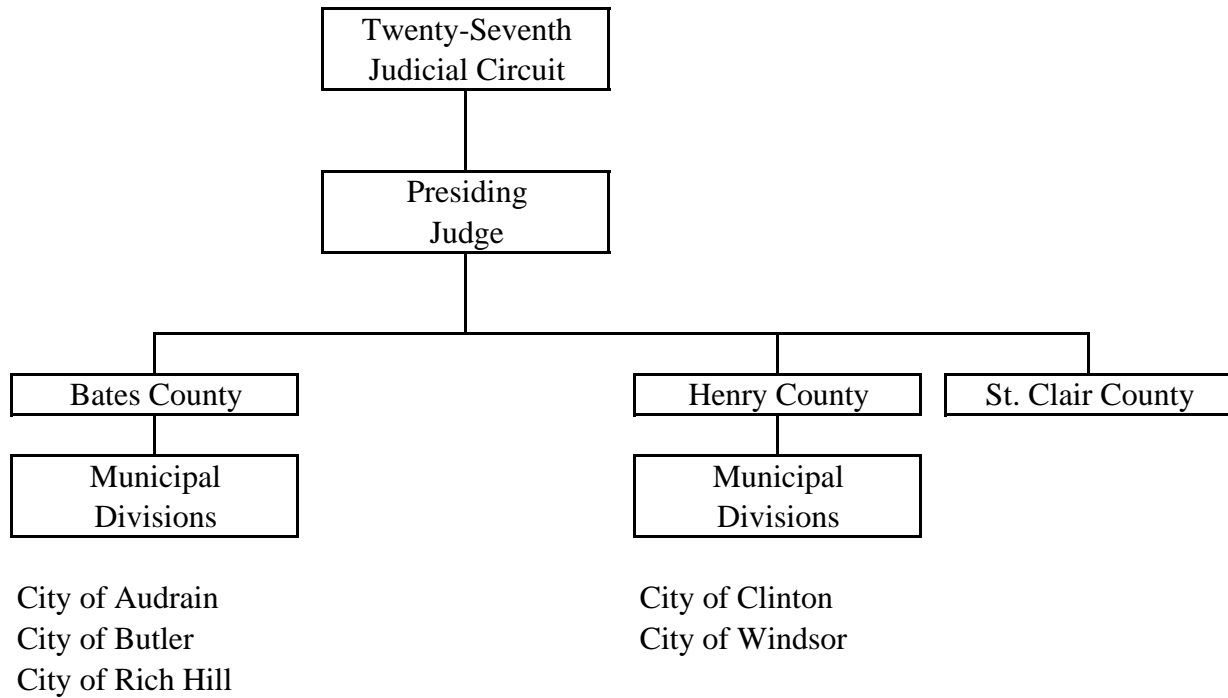
Jerry W. Bay*
Sue Taylor
Cheril Hall

* James E. Taylor served as Municipal Judge prior to April, 1997.

Caseload Information

	<u>Year Ended September 30,</u>	
	<u>1998</u>	<u>1997</u>
Number of cases filed	493	461

TWENTY-SEVENTH JUDICIAL CIRCUIT
ORGANIZATION CHART



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